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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

In re PEACOCK GAP PROPERTIES, LLC, Debtor.	Case No. 09-34161 TEC Chapter 11 **SECOND AMENDED DISCLOSURE STATEMENT FOR DEBTOR'S SECOND AMENDED PLAN OF REORGANIZATION**

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I. INTRODUCTION

Peacock Gap Properties, LLC (the "Debtor") has proposed the accompanying Second Amended Plan of Reorganization (the "Plan") for consideration by its creditors. This Second Amended Disclosure Statement (the "Disclosure Statement") is presented to provide creditors with information about the Debtor, the alternatives available for their repayment and the proposed Plan. The Debtor believes that the Plan offers the best available alternative to provide the greatest return to creditors.

II. DISCLAIMER

This Disclosure Statement contains information which may bear upon your decision to accept or reject the Debtor's proposed Plan. Please read this document with care. The purpose of this Disclosure Statement is to provide "adequate information" of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the Debtor and the condition of the Debtor's books and records, that would enable a hypothetical reasonable investor typical of holders of Claims or Interests of the relevant Class to make an informed judgment concerning the Plan. *See* 11 U.S.C. § 1125(a).

For the convenience of Creditors, this Disclosure Statement summarizes the terms of the Plan, but the Plan itself qualifies any summary. If any inconsistency exists between the Plan and this Disclosure Statement, the terms of the Plan are controlling.

No representations concerning the Debtor's financial condition or any aspect of the Plan are authorized by the Debtor other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance which is other than as contained in or included with this Disclosure Statement should not be relied upon by you in arriving at your decision.

The contents of this Disclosure Statement should not be construed as legal, business or tax advice. Each Creditor or Interest holder should consult his or her own legal counsel and accountant as to legal, tax and other matters concerning his or her Claim.

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III. SUMMARY OF PLAN TREATMENT

Debtor's business consists of an 18-hole golf course, a driving range, a 26,000 square foot clubhouse, a Pro Shop, bar, and restaurant (the "Golf Course"), which Debtor acquired in April 2005. The Plan contemplates a sale of all the Debtor's assets on the Effective Date with payments to Creditors from the proceeds of the sale occurring soon thereafter.

IV. BACKGROUND

A. Debtor's Business

1. Description of Debtor, Ownership, and Management

The Debtor is a California limited liability company formed in 2005 by Kun Sam Kim for the purpose of acquiring, developing and operating the Golf Course. Prior to the commencement of the case, the Debtor's business address was that of Mr. Kim and Debtor's management company, Golf Solutions California, LLC, at One Daniel Burnham Court, Suite 205C, San Francisco, California. The Golf Course is located at 333 Biscayne Bay Drive, San Rafael, California 94109 (the "Real Property").

Prior to the commencement of these proceedings, Debtor's members, who were its largest Equity Security Holders holding more than 10% of ownership interest, were Mr. Kim (formerly 51% of ownership interest), and Peacock Gap Investments, LLC ("PGI") a California limited liability company (formerly 49% of ownership interest). Debtor was managed by Golf Solutions California, LLC ("Golf Solutions"), a California limited liability company wholly owned by Mr. Kim. Golf Solutions is Debtor's largest unsecured Creditor. Mr. Kim personally guaranteed the secured bank debt on the Real Property.

PGI acquired its interest in Debtor to attempt a turnaround of Debtor's then dire financial condition, and to utilize the expertise of Jack D. Rose. PGI became Debtor's managing member during the pendency of these proceedings, and Jack D. Rose was designated as Debtor's Responsible Individual. PGI is wholly owned by Underwater World, LLC, an Arizona limited liability company. Underwater World, LLC is wholly owned by MMA Investments, LLC, an Arizona limited liability company, whose sole member is Mubeen Aliniazee.

2. Debtor's Business Operations

Debtor owns and operates an 18-hole, par 71 golf course, complete with a driving range, a two level 26,000 square foot clubhouse, including a Pro Shop, restaurant, bar, golf cart storage, administrative offices and storage area, along with a 5,000 square foot maintenance facility, and a partially completed 2,800 square foot new golf services building on approximately 137 acres of commercial land situated near China Camp in San Rafael, Marin County, California. The Golf Course was opened in approximately 1959 and was acquired by the Debtor in or about April 2005, for a purchase price of $10 million, with about $2 million in equity from Mr. Kim and about $8 million borrowed from Nara Bank ("Nara") secured by a first priority deed of trust upon the Real Property.

B. Factors Leading to the Bankruptcy Filing

Beginning in about July 2006, Debtor and Nara began negotiations for a construction loan from Nara to Debtor for substantial renovation work at the Golf Course. Debtor contends that in August 2006, Nara approved and offered Debtor, in writing, a construction loan in the approximate amount of $8 million, which Debtor accepted. On the strength of the representation of this $8 million construction loan, Debtor closed certain facilities for renovations, expended about $2.5 million in land improvements, and hired construction contractors, architects, and engineers.

Debtor contends that in about May 2007, Nara refused to fund the $8 million loan and agreed only to fund a $3.2 million loan, leaving Debtor unable to complete construction and facing financial ruin.

Nara then commenced non-judicial foreclosure proceedings and a foreclosure sale was scheduled for January 4, 2010. Nara’s foreclosure was based upon the deeds of trust securing the acquisition and construction loans. Shortly before the scheduled foreclosure sale, Debtor filed for protection under Chapter 11 of the Bankruptcy Code.

Prompted by Nara's foreclosure sale, on December 30, 2009 (the "Petition Date") the Debtor filed a voluntary petition in this Court for relief under Chapter 11 of the Title 11 of the United States Code (the “Bankruptcy Code”). Debtor continues to operate its business as debtor in possession pursuant to Bankruptcy Code sections 1107(a) and 1108. No trustee or creditors' committee has been appointed.

C. Real Property Value and Asserted Secured Claims

The Golf Course's most recent appraisal is dated January 27, 2010. This appraisal valued the Golf Course, including the Real Property, as a going-concern at $5,150,000, as-is. The Real Property has the following purported Secured Claims:

Description	Approximate Amount	Notes
Real Property Tax	$531,265.54	Per Marin County's proof of claim filed 10/13/2010 (Claim No. 8)[1]
First Priority Deed of Trust	$11,463,146.01	To secured payment under Acquisition Note, recorded 4/22/05
Second Priority Deed of Trust		To secured payment under Construction Note, recorded 5/30/07
Mechanic's Lien Recorded 10/7/09	$378,906.00	Mechanic's lien of McDevitt & McDevitt Construction, Corp.
Mechanic's Lien Recorded 10/23/09	$186,892.43	Mechanic's lien of McGinnis Chen Associates, Inc.
Mechanic's Lien Recorded 10/30/09	$47,525.67	Mechanic's lien of Donald A. Blayney & Associates
Mechanic's Lien Recorded 11/30/09	$48,837.78	Oberkamper & Associates

Based on the most recent appraisal, Debtor believes that the Golf Course is over-encumbered. Accordingly, Debtor has moved the Court to value each of the mechanics liens as Unsecured Claims. A hearing was held before the Court on January 10, 2011 in which the Court granted the Debtor's motions and deemed the liens of (a) Donald A. Blayney & Associates and (b) Oberkamper & Associates as Unsecured Claims. A hearing on the liens of (a) McDevitt & McDevitt Construction Corporation and (b) McGinnis Chen Associates, Inc. will be held before the Court on February 7, 2011.

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[1] After follow-up with the Marin County Tax Collector, Debtor believes the real property tax due at the time of expected Confirmation will be approximately $480,000, which is significantly less than $531,265.54.

V. SIGNIFICANT EVENTS DURING THE BANKRUPTCY CASE

A. Litigation and Compromise

Soon after the Petition Date, Debtor filed a complaint (the “Complaint”) against Nara for the alleged breach of an agreement to loan funds, for the alleged negligent misrepresentation of an agreement to loan funds, for an alleged breach of fiduciary duty, for an alleged breach of the covenant of good faith and fair dealing, for promissory estoppel, and for injunctive relief (the "Adversary Proceeding"). Debtor alleged that it suffered damages in excess of $24 million as a result of Nara's conduct. Nara disputed all allegations.

On July 26, 2010, Nara filed a motion for relief from the automatic stay (the "RFS Motion”) in order to complete its non-judicial foreclosure. Debtor opposed the RFS Motion, arguing that its claims against Nara would result in a recovery against Nara in amounts exceeding Nara's secured claims.

In order to resolve the RFS Motion, this Court set an evidentiary hearing requiring that Debtor show at trial that it could obtain a preliminary injunction blocking foreclosure. The parties then engaged in extensive discovery.

As a result of this discovery, Debtor concluded that proving its alleged claims against Nara would be difficult and uncertain. Also, Debtor concluded that a viable plan of reorganization would not be possible without the cooperation of Nara.

During this discovery process, Nara sold to First Century Plaza, LLC ("First Century") Nara’s promissory notes as well as any other claims in Debtor's estate. A notice of transfer of these claims was filed by First Century on November 5, 2010 as Docket No. 106.

In November 2010, Debtor and First Century reached a compromise (the "Compromise") as to the Adversary Proceeding and RFS Motion, which was heard and approved by the Court on December 6, 2010.

The Compromise provided that Debtor would dismiss the Adversary Proceeding and waive all claims against Nara. Debtor also agreed to the appointment of an interim manager, approved by First Century and the Court. This interim manager oversees the daily business operation of Debtor, pays the ordinary and necessary operational costs, and is to provide an analysis as to whether Debtor can operate "in the black" on a going-forward basis without debt service to First Century.

In exchange, First Century dismissed the RFS Motion and waived any and all claims it has or may have against Debtor. First Century also agreed to (1) allow Debtor to forebear from making debt service payments under the Notes until a plan of reorganization is confirmed or February 15, 2011, whichever occurs first; (2) provide Debtor financing to fund its going forward business operations, subject to approval by this Court, in an amount not to exceed $150,000 (the "DIP Loan"); and (3) refrain from moving for relief from the automatic stay until after February 15, 2011.

The objective of the Compromise, the DIP Loan and appointment of an interim manager was to allow First Century an opportunity to conduct due diligence of Debtor's business to evaluate whether First Century could support a consensual plan of reorganization.

B. Post-Petition Financing

Pursuant to the terms of the Compromise, in exchange for dismissing the Adversary Proceeding, First Century agreed to provide Debtor up to $150,000 in debtor-in-possession financing to fund expenses relating to the preservation, maintenance, and operation of the Golf Course (the "DIP Loan"). The DIP Loan was conditioned on approval of the Compromise by the Court and approval of the parties' stipulation to hire Rajiv Parikh as interim manager.

When the Compromise was reached, the Debtor had begun its off-season for golfing. Revenues generated from the Golf Course operations were insufficient to pay ongoing business expenses, particularly vital services such as water, garbage and utilities and the Debtor was already operating with minimal staff and a meager budget. If Debtor had to close the Golf Course, the going-concern value would be lost, eliminating any distribution to unsecured creditors. By keeping its doors open, Debtor was able to maintain payroll and generate some income to offset the costs it otherwise must incur to maintain the property.

On an operations level, Debtor had experienced significant staff attrition, and had lost its general manager and its full-time controller.[2] Debtor's previous controller has taken a full-time position elsewhere, but was working for Debtor a few hours on the weekends. Clearly this was an inadequate solution and the Debtor was in urgent need to hire a full-time manager to oversee its daily operations.

Rajiv Parikh was approved as the interim manager for Debtor and the DIP Loan was approved on an interim basis for an amount up to $125,000 on December 6, 2010. The DIP Loan was approved on a final basis in the amount of $150,000 at a hearing held on December 27, 2010. The terms of the DIP Loan were as follows:

1. Maximum Borrowing Available

First Century is to advance up to $150,000 to Debtor to cover the Golf Course's budget shortfalls. All advances are requested by the interim manager, who was approved by First Century.

2. Priority Status/Liens

In exchange for the DIP Loan, First Century was: (i) allowed an administrative expense claim under 11 U.S.C. § 364(c)(1) with superpriority over all other administrative expenses of the kind specified in 11 U.S.C. §§ 503(b) or 507(b); and (ii) granted a lien against all unencumbered property of the Debtor's estate under 11 U.S.C. § 364(c)(2), including all Debtor's rents and profits. The funds are deposited in the Debtor's debtor-in-possession checking account (the "DIP Account"), and all withdraws from the DIP Account are for reasonable and necessary business expenses that are approved in advance by the interim manager. First Century has a first-position lien on all funds in the DIP Account as security for Debtor's obligation to repay the DIP Loan. First Century's lien on the DIP Account is deemed perfected automatically and without the necessity for filing financing statements or taking any other actions that might otherwise be required for protection under the Uniform Commercial Code.

3. Interest Rate

DIP Loan bears interest at the rate of 6.25% per annum.[3]

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[2] Debtor was forced to reduce its general manager's salary by 50% as of November 1, 2010 because of financial restraints. Debtor also took the responsible individual, Jack Rose, off of payroll as of November 1, 2010 for the same reasons.

[3] Debtor notes that the non-default rate under Nara's acquisition loan is 6.25% and the non-default rate under construction loan is 9%.

4. Maturity

The DIP Loan will mature and be due and payable in full on the earlier of (i) the date of confirmation of a plan of reorganization; (ii) the date of the closing of any sale of the Debtor's real property secured by First Century's liens, or (iii) February 15, 2011. There are no payments due under the DIP Loan prior to the maturity date.

5. Events of Default

The following shall be considered an event of default under the DIP Loan *(which has not occurred as of the filing of this Disclosure Statement)*:

(a) Debtor's failure to make any payment of any indebtedness to First Century when due;
(b) A change in ownership or control of ten percent or more of the equity interest of Debtor;
(c) Debtor's failure to obtain an entry of a final order approving the DIP Loan within twenty-five days of any interim order, subject to the Court's availability;
(d) Issuance of an order staying, reversing, modifying, or vacating the interim order or final order of the DIP Loan; or
(e) An entry of an order dismissing or converting the case or appointing a Chapter 11 Trustee or Examiner.

6. Miscellaneous DIP Loan Terms

Immediately upon the (i) the consummation of any proposed sale of the Golf Course, as a going-concern and/or its real property, or (ii) an event of default, First Century shall have the authority to withdraw the remaining funds (if any) in the DIP Account and apply the same to the balance of the DIP Loan.

As of the Date of this Disclosure Statement, Debtor has drawn down on approximately $50,000.00 of the $150,000 available under the DIP Loan.

VI. CLAIMS OF THE ESTATE

In addition to the Secured Claims on the Real Property as described above, Debtor has Administrative Claims, Priority Claims, Secured Claims against its personal property, and general Unsecured Claims. These Claims are described in detail below.

A. ACCRUED, UNPAID ADMINISTRATIVE EXPENSE CLAIMS

Bankruptcy Code § 1129(a)(9)(A) requires that holders of Administrative Claims (defined under Bankruptcy Code § 507(a)(1)) be paid "cash equal to the allowed amount of such claim" on the "effective date of the plan," unless the holder of a particular claim agrees to different treatment. Under the Plan, accrued, unpaid Administrative Claims shall be paid from the Cash Proceeds (defined herein) that result from the sale of the Offered Assets. Currently the Debtor estimates the following administrative expenses as of the Confirmation Date:

Administrative Claimant	Expense Description	Amount
Law Offices of Darvy Mack Cohen	Legal fees and expenses (amount already awarded by the Court)	$41,077.48
McNutt Law Group LLP	Legal fees and expenses (estimated)	$120,000.00
Employee Vacation Pay	Post-Petition Accrued Vacation Benefits (estimated)	$20,682.22
Marin Municipal Water District	Water bill	$100,194.57
Office of US Trustee	Fees (estimated)	$4,875.00
TOTAL		**$286,829.27**

B. PRIORITY CLAIMS

Bankruptcy Code § 507(b) prioritizes certain types of Unsecured Claims that are entitled to priority over other general unsecured Creditors. Administrative Claims have the highest priority in this Chapter 11 case. Other Priority Claims include unpaid pre-petition wages, pre-petition unpaid benefits, and certain tax Claims. Debtor is only aware of the following three Priority Claims: (i) proof of Claim no. 33 filed by the State Board of Equalization on July 1, 2010 in the amount of $6,180.00 for sales and use taxes; (ii) proof of Claim no. 22 filed by Susan Young on March 8, 2010 in the amount of $1,915.50 for pre-petition wages, and (iii) Claims of employees for vacation time accrued within 180 days of the Petition Date estimated in the amount of $10,500.

The State Board of Equalization's Claim in the amount of $6,180.00 is treated as a Non-Classified Claim under the Plan and shall be paid in full on the Effective Date. The Claim of Susan Young was acquired by First Century on or about December 10, 2010. First Century has advised to the Debtor that it intends to waive its Claim if it is the Purchaser. Lastly, the Claims of employees for vacation time accrued within 180 days of the Petition Date will be paid in full as soon as they become Allowed Claims.

C. SECURED CLAIMS ON PERSONAL PROPERTY

Debtor has the following Creditors holding Secured Claims on the Debtor's personal property to secure Debtor's payments under leases. Under the Plan, the Purchaser will take title to the personal property subject to the Claims and liens of the secured Creditors, if the leases are assumed and assigned to Purchaser.

Secured Creditor	Personal Property	Secured Claim Amount
GE Capital Corporation	2 Toro Workman Carts & 4 Toro Greenmaster Mowers	$27,623.16
PNCEF, LLC	75 Golf Carts	$399,597.46
Neopost Leasing	Postage Meter & Scale	$607.71
US Bank Office Equipment Finance	Sharp MX2300N Copier	$5,592.32
Total		**$433,420.65**

D. GENERAL UNSECURED CLAIMS

There are currently a total of $2,792,264.23 scheduled and filed Unsecured Claims, including the four Claims of the mechanics lien holders, assuming the remaining two mechanics liens are deemed unsecured on February 7, 2011. Of the $2,792,264.23 amount, $780,029.80 are Claims of Debtor's insiders; $8,990.92 are Claims that were purchased by First Century; and $70,000.00 are for Claims of lifetime golf club membership fees.

Under the Plan, Claims of insiders are not entitled to receive any payment until all other Claims are paid in full. The Plan also provides that the Claims purchased by First Century will be waived if First Century is the Purchaser. The Claims for golf club membership fees will be treated separately from general Unsecured Creditors under the Plan. As more fully described below, the Purchaser will provide Creditors holding Claims for lifetime golf club membership fees a credit equal to the amount s/he paid, less $3,000 for every year s/he was a member, to be applied towards the purchase of annual golf country club memberships with Purchaser. Without these Claims, the amount of general Unsecured Claims comes to $1,933,243.61.

PNCEF, LLC ("PNCEF") appears to have filed an Unsecured Claim in the amount of $399,597.46. Debtor classified this Claim as a Secured Claim in its Schedule D and references it above. Debtor moved to reject PNCEF's lease and return its collateral. Under the Plan PNCEF is not treated as a general Unsecured Claim (Class 9), but is treated under Class 5. This brings the total general Unsecured Claims amount in Class 9 (described below) to $1,533,646.15. A detailed list of these Unsecured Claims is attached hereto as **Exhibit A**.

VII. BID PROCEDURES

It is anticipated that concurrent with the hearing to consider approval of this Disclosure Statement, the Court will hold a hearing to consider approval of proposed overbid procedures, which are intended to make sure that the highest and best offer is the one presented for plan confirmation. If the bid procedures do not generate a superior bid or if a superior bid is accepted that does not materially modify the Plan, then the Plan, with any necessary non-material modifications, will be presented for confirmation. If, however, a superior bid is received and accepted that would result in a material modification to the Plan such that votes would need to be re-solicited, then the Debtors would expect to withdraw the Plan and to propose an amended plan.

VIII. THE PLAN OF REORGANIZATION

A discussion of the principal provisions of the Plan as they relate to the treatment of Classes of Allowed Claims is set forth below. The discussion of the Plan that follows constitutes a summary only, and should not be relied upon for voting purposes. You are urged to read the Plan in full in evaluating whether to accept or reject the Plan proposed by the Debtor.

If any inconsistency exists between this summary and the Plan, the terms of the Plan shall control.

A. Summary

The Plan is premised upon the sale of substantially all the Debtor's assets. On the Effective Date, Debtor will sell substantially all of its assets to First Century (or its affiliate), or the highest bidder. Debtor will remain in existence for the sole purpose of distributing the sale proceeds and winding down the Estate.

B. Description and Treatment of Classified Claims

Class 1: Real Property Taxes

The Debtor currently owes Marin County $531,265.54 according to its proof of Claim for past due property taxes on the Real Property and continues to accrue interest and late fees. The Debtor believes the actual amount is actually significantly less, at approximately $480,000. Under the terms of the Plan, if the Plan is confirmed and the proposed sale closes then

Purchaser shall pay the legitimate amount owed to Marin County. Thus, the holder of the Class 1 Claim is not impaired by the Plan and is therefore not entitled to vote on the Plan.

Class 2a: Acquisition Note (Secured)

Class 2a consists of the Allowed Secured Claim of First Century associated with that certain Note (the "Acquisition Note") and first Deed of Trust encumbering the Real Property. First Century is entitled to bid on the Offered Assets by crediting the total amount outstanding under the Acquisition Note. If First Century is not the successful bidder, and consequently not the Purchaser of the Offered Assets, then the outstanding balance under the Acquisition Note shall be paid in full upon the Effective Date and Class 2a shall be unimpaired.

Class 2b: Acquisition Note (Unsecured)

To the extent First Century submits the successful bid on the Offered Assets by crediting less than the full value of its Allowed Secured Claim associated with the Acquisition Note, then First Century shall have an Unsecured Claim in Class 2b in an amount equal to the balance remaining under the Acquisition Note after First Century's credit bid of any or all of the value of the Acquisition Note. The Class 2b Claim shall not be entitled to any distribution under the Plan if First Century is the Purchaser of the Offered Assets and, consequently, is impaired under the Plan.

Class 3a: Construction Note (Secured)

Class 3a consists of the Allowed Secured Claim of First Century associated with that certain Note (the "Construction Note") and second Deed of Trust encumbering the Real Property. First Century is entitled to bid on the Offered Assets by crediting the total amount outstanding under the Construction Note. If First Century is not the successful bidder, and consequently not the Purchaser of the Offered Assets, then the outstanding balance under the Construction Note shall be paid in full upon the Effective Date and Class 3a shall be unimpaired.

Class 3b: Construction Note (Unsecured)

To the extent First Century submits the successful bid on the Offered Assets by crediting less than the full value of its Allowed Secured Claim associated with the Construction Note, then First Century shall have an Unsecured Claim in Class 3b in an amount equal to the balance remaining under the Construction Note after First Century's credit bid of any or all of the value of the Construction Note. The Class 3b Claim shall not be entitled to any distribution under the Plan if First Century is the Purchaser of the Offered Assets and, consequently, is impaired under the Plan.

Class 4: Other Secured Claims Against the Real Property

Class 4 Claims consist of all other Claims against the Real Property that are deemed Secured under 11 U.S.C. § 506. Debtor does not believe there are any other Secured Claims against the Real Property other than those of Marin County and First Century based on the value of the Real Property. As mentioned above, Debtor moved the Court for a determination that the four mechanic's lien holders are unsecured based on the value of the Real Property, of which two have been deemed unsecured. A hearing to determine the remaining two mechanics lien is set for the matters on February 7, 2011. To the extent any Class 4 Claims exist as of the Confirmation Date, they are impaired. If any Class 4 Claim holders exist as of the Confirmation Date, they shall have their lien shall attach to $250,000 of the Cash Proceeds (defined herein) or other amount if competitive bidding results in a larger amount, from the sale of the Offered Assets in the order and priority that they were secured by the Real Property. Claims 4 Claims, if any, shall receive payment from the Cash Proceeds in the order of their respective liens. If the Cash Proceeds are insufficient to satisfy the Class 4 claimants, then Purchaser shall establish and escrow or deposit into a trust account funds sufficient to pay the Class 4 Claims, if any.

Class 5: Secured Claims Against Personal Property

Class 5 consists of all Claims against Debtor's personal property that are deemed Secured under 11 U.S.C. § 506. Under the Plan, each holder of an Allowed Class 5 Claim shall either (i) retain all its Claims and liens in the personal property; or (ii) receive on the Effective Date or as soon thereafter as practical the collateral securing such Creditor's Claims (unless said collateral was already returned) and have an Unsecured Claim in Class 9 subject to an adjustment for the value of the returned collateral. Class 5 is impaired.

Class 6: Priority Claims (if any)

Class 6 includes all priority classified Unsecured Claims (which excludes Priority

Tax Claims and Office of the United States Trustee Fees) Debtor believes that Claims in Class 6 include employees' vacation benefits accrued within 180 days of the Petition Date and a Claim for wages earned within 180 days of the Petition. The holders of Class 6 Allowed Claims will receive Cash in an amount equal to the amounts of such Allowed Claims, as soon as practicable after the later of (i) the Effective Date, or (ii) the date on which such Claim becomes an Allowed Claim. Class 6 is unimpaired.

Class 7: Annual Membership Claims

Debtor has approximately 64 annual memberships to its golf county club, whose members pay approximately $3,000 each year. Class 7 consists of the Claims belonging to these annual members. The Plan provides that the Purchaser will honor these annual memberships, and, therefore, Class 7 is unimpaired.

Class 8a: Lifetime Membership Claims (Partial Payment)

Debtor had established a lifetime membership program to its golf county club (the "Lifetime Membership Program"). A life-long membership to the Debtor's golf country club cost approximately $30,000. Because renovations to the Golf Course were not completed when the Lifetime Membership Program began, Debtor allowed the $30,0000 payment to be broken into two equal payments: the first $15,000 was due to start the lifetime membership and the remaining $15,000 is due upon the completion of the club house renovations. The renovations were never completed and Debtor has insufficient funds to finish the task. Debtor has approximately 11 lifetime members who made the first $15,000 deposit.

Debtor will not assume and assign these executory contracts to the Purchaser. However, the Plan provides that Purchaser will give each Class 8a Claim holder a credit equal to the amount s/he paid toward the Lifetime Membership Program, less $3,000 for every year s/he was a member of the Lifetime Membership Program, to be applied toward the purchase of annual golf country club memberships with Purchaser. For example, if a holder of a Class 8a Claim paid $15,000 for the Lifetime Membership Program in January 2008, then s/he would be entitled to a credit of $6,000 towards future annual memberships with the Purchaser. The calculation would be as follows: $15,000 – (3 years x $3,000). Class 8a is impaired.

Class 8b: Lifetime Membership Claims (Full Payment)

Class 8b consists of the Claims held by those who paid the full amount (approximately $30,000) to be a member of the Lifetime Membership Program. Debtor has one lifetime member who paid the Lifetime Membership Program dues in full. The Plan provides that Purchaser will give each Class 8b Claim holder a credit equal to the amount s/he paid toward the Lifetime Membership Program, less $3,000 for every year s/he was a member of the Lifetime Membership Program, to be applied toward the purchase of annual golf country club memberships with Purchaser. For example, if a holder of a Class 8b Claim paid $30,000 for the Lifetime Membership Program in January 2008, then s/he would be entitled to a credit of $21,000 towards future annual memberships with the Purchaser. The calculation would be as follows: $30,000 – (3 years x $3,000). Class 8b is impaired.

Class 9: General Unsecured Claims

The Plan creates a residual class of general Unsecured Creditors (Class 9) consisting of all Allowed Unsecured Claims not falling within any of the other Classes. The Debtor estimates that most of its unsecured creditors will fall within this Class. Class 9 Claims are impaired under the Plan. The holders of Class 9 shall receive Pro Rata payments in Cash up to the amount of such Allowed Claims from the balance remaining of the $250,000 Cash Proceeds after Non-Classified Claims and Class 6 (Priority Claims) are paid as provided in the Plan. **Unless there is competitive bidding, Debtor anticipates that there will be no funds remaining to pay Class 9 Claims.**

Class 10: General Unsecured Claims of Insiders

Class 10 consists of the four general Unsecured Claims of insiders listed in Schedule F. These Claims are as follows: (i) Arizona Biltmore for $4,649.80; (ii) Gentium Realty, Inc. for $380.00; (iii) Golf Solutions California, LLC for $765,000.00; and (iv) Kun Sam Kim for $10,000.00. Debtor does not anticipate that there will be funds to distribute to general Unsecured Claims after Non-Classified and Priority Claims (Class 6) are paid in full. However, in the event competitive bidding does result in funds available for general Unsecured Claims, Class 10 Claims are not entitled to receive any payment until Class 9 Claims are paid in full. Only if

Class 9 Claims are paid in full, shall Class 10 Claims receive Pro Rata payments in Cash up to the amount of such Allowed Claims from available funds.

Class 11: Interest Holders

Class 11 consists of the equity Interests and Claims of Debtor's members. The Class 11 Interests and Claims are impaired. On the Effective Date, the legal, equitable, and contractual rights of the holders of all existing shares and membership interests in the Debtor will be extinguished.

C. Implementation of Plan

The Debtor proposes to implement and consummate the Plan through the means contemplated by Bankruptcy Code §§ 1123(a)(5)(A) and (D), and 1123(b)(3) and (4). In furtherance of the Plan, the Debtor will offer for sale substantially all of the Debtor's assets (the "Offered Assets") to the highest bidder. The Debtor anticipates that the only bidder will be First Century. The sale forms the basis for implementing the Plan and the Cash Proceeds of the sale of the Offered Assets will provide the Estate Cash to consummate and carry out the Plan.

1. Sale of Offered Assets

On the Effective Date, the Debtor will sell substantially all of its assets to First Century. Assuming that no overbid is received, the consideration paid by First Century will be a credit bid of some or all of its secured debts and a Cash payment calculated as follows: (1) payment of Allowed real property taxes, and (2) $250,000 Cash proceeds (the "Cash Proceeds") to be applied towards Non-Classified Claims and Classes 6, 9, and 10. If, however, the Non-Classified Claims and Priority Claims (Class 6) exceed $250,000, then First Century shall increase the $250,000 by an amount necessary to pay Non-Classified and Priority Claims (Class 6) in full, but in no event shall the Cash Proceeds exceed $300,000 total. The sale will be free and clear of all liens on the Real Property. The Purchaser shall take all personal property subject to any existing Allowed Claims and liens, unless any personal property subject to an unexpired lease is rejected, in which case said personal property shall be abandoned to its applicable secured creditor. Except as set forth in the Plan, Purchaser will not assume or be deemed to assume any obligations or liabilities of the Debtor, the estate, or any other person or entity**.** A copy of the proposed agreement for the sale of the Golf Course is attached hereto as **Exhibit B**.

(a) Disbursement of Cash Proceeds: On the Effective Date, Purchaser shall fund the Cash Proceeds, from which the following shall be paid.[4]

Class	Claimant	Amount
Non-Classified	Administrative – Marin Municipal Water District	$100,194.57
Non-Classified	Administrative – Post-petition Accrued Employee Vacation	$20,682.22
Non-Classified	Administrative - Law Offices of Daryy Mack Cohen	$41,077.48
Non-Classified	Administrative – McNutt Law Group LLP	$120,000.00
Non-Classified	Priority Tax – State Board of Equalization	$6,180.00
Non-Classified	Office of United States Trustee's Fees	$4,875.00
Class 5	Priority Claims – Pre-petition Accrued Employee Vacation	$10,500.00
Class 5	Priority Claim – Pre-petition Wage (to be waived)	$0.00
	TOTAL	**$303,509.27**

Debtor anticipates that in order to fund Non-Classified and Priority Claims (Class 6) in full as required by the Bankruptcy Code, Purchaser's Cash Proceeds may require the entire $300,000.00. Debtor further anticipates sufficient funds in its debtor-in-possession bank account as of the Confirmation Date to cover the difference between the $300,000 Cash Proceeds and total amount of Non-Classified and Priority Claims (Class 6). If required, Debtor will draw down upon the remaining DIP Loan as necessary prior to February 15, 2011[5] to ensure sufficient funds remain to pay all Non-Classified and Priority Claims in full. **Debtor anticipates no distribution (0.00%) to general Unsecured Claims (Class 9) under the Plan**.

(b) Employees: Purchaser intends to hire all of Debtor's current Golf Course employees upon the Close of Sale.

(c) DIP Loan: To the extent that the DIP Loan has not been repaid by Debtor to First Century at the Close of Sale, if either First Century or its affiliate is the Purchaser, First Century shall waive any right to repayment of the DIP Loan, subject to Section VII.C.1.(d) below ("Consulting Fee").

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[4] This calculation assumes that the two mechanics lien Claims are deemed Unsecured Claims, and that there are no Claims in Class 4.

[5] The DIP Loan termination date.

(d) Consulting Fee: First Century has determined in its business judgment that the retention of Jack Rose is vital to the sale and transition of the Golf Course business, which it seeks to buy, and has agreed to pay a consulting fee to Highpoint Management Solutions, LLC ("Highpoint") for Mr. Rose's services, if, and only if, First Century (or its affiliate) is the Purchaser upon the Close of Sale. ***First Century does not consider this consulting fee to be part of the purchase price and interested bidders are not required to include any such consulting fee as part of their bid, and the failure to do so will not affect the competitiveness of any bid.*** Accordingly, after the Close of Sale, First Century or its affiliate will pay $150,000 (the "Retention Payment") to Highpoint for the management services of Mr. Rose as Debtor's CEO through the Close of Sale and transition of the Debtor's business to First Century. However, the Retention Payment shall be reduced in an amount equal to the amount of the DIP Loan used as of February 15, 2011 or Close of Sale, whichever occurs first. In other words, if as of February 15, 2011, Debtor used $50,000 of the DIP Loan, then the Retention Payment to Highpoint would be $100,000.

(e) Golf Memberships: Purchaser will honor the annual golf country club memberships and give members of Debtor's Lifetime Membership Program a dollar for dollar credit equal to the amount s/he paid toward the Lifetime Membership Program, less $3,000 for every year s/he was a member of the Lifetime Membership Program to be applied toward the purchase of annual golf country club memberships with Purchaser.

(f) Licenses and Permits: Upon Close of Sale Debtor will transfer the California Department of Alcoholic Beverage Control on-sale general eating place license No. 47-425562, issued to it at 333 Biscayne Drive, San Rafael, CA, to Purchaser. Debtor will also transfer any other licenses or permits issued to it to Purchaser upon Close of Sale. The purchase price for the licenses and permits are included in the purchase price.

2. Transfer of Estate Property and Retention of Assets

Notwithstanding the provisions of Section 1141(b) of Title 11, all assets of the Debtor or the Estate will not revest in the Debtor upon Confirmation. On the Effective Date, pursuant to the sale of the Offered Assets contemplated in the Plan, all property of the Estate as of the Effective Date will be sold to Purchaser as set forth in the Plan. Any remaining assets of the Estate not sold to Purchaser will be vested in the Reorganized Debtor free and clear of all Claims and liens against the Real Property, but subject to any Allowed Claims and liens against personal property as set forth in the Plan.. From and after the Effective Date, Debtor may dispose of the Cash Proceeds free of any restrictions, provided however, that disposition of the Cash Proceeds is made in accordance with the Plan, including any liens from the Class 4 (if applicable) Claims that may attach.

3. Administrative Claims Bar Date

Debtor will serve a separate notice of the deadline to file Administrative Claims that provides a minimum of 60 days notice after service to file an Administrative Claim (the "Administrative Claims Bar Date Notice"). The Administrative Claims Bar Date Notice shall be served by mail to all creditors and parties in interest as soon as practical, but in no event later than 14 days after the entry of the Confirmation Order.

4. Survival of Legal Claims

On the Effective Date, the Reorganized Debtor shall have the right, Post-Confirmation, to pursue any and all Causes of Action that could have been pursued by the Debtor and Debtor in Possession although it will not be required to do so and the determination of whether to do so will be made solely by Reorganized Debtor in its absolute discretion.

5. Injunction Prohibiting Assertion of Claims Against Purchaser

The assets sold to the Purchaser pursuant to the Plan will be deemed "property dealt with by the plan" for purposes of Bankruptcy Code § 1141(c), and these assets shall be deemed conveyed to the Purchaser free and clear of all liens, claims, and interests of any of the Debtor's creditors or equity security holders, except for purchase money liens and encumbrances against the Debtor's vehicles and equipment (Class 5). Holders of Claims (other than those based on returned personal property and assumed executory contracts and unexpired leases) that arise before the Close of Sale are permanently enjoined from asserting those Claims against the Purchaser, and any such Claims may be asserted (to the extent valid) only against the Debtor and the Debtor's estate, and be treated in accordance with the priorities established under the Plan.

D. Executory Contracts and Unexpired Leases

At least seven (7) days prior to the date set for the confirmation hearing, Debtor shall file a separate motion for the assumption or rejection of executory contracts and unexpired leases, except for such executory contracts and unexpired leases previously assumed or rejected pursuant to this Court's order and the executory contracts rejected in Class 8a. Such motion to assume or reject executory contracts and unexpired leases shall be heard on at least 28 days notice in accordance with Bankruptcy Rules 6006 and 9014 and Local Bankruptcy Rules 6006-1 and 9014-1.

E. Conditions to Effectiveness

The Plan will not become effective unless and until each of the following conditions has been satisfied in full in accordance with the following provisions: (1) the order confirming the Plan has become a Final Order, and (2) the Close of Sale of the Offered Assets.

F. Post-Confirmation Issues

1. Corporate Action

On the Effective Date, all actions contemplated by the Plan shall be deemed authorized and approved in all respects, subject to the provisions of the Plan, by virtue of the entry of the Confirmation Order, in accordance with the Bankruptcy Code and applicable state law and without any requirement of further action by the Interest holders, officers, or directors of the Debtor.

2. Payment of Statutory Fees

All fees payable through the Effective Date pursuant to section 1930 of Title 28 of the United States Code will be paid on or before the Effective Date. All fees payable after the Effective Date pursuant to section 1930 of Title 28 of the United States Code shall be paid by the Debtor.

3. Distributions in Satisfaction and Binding Effect on Plan

Except as otherwise provided in Bankruptcy Code § 1141(d)(3), on and after the Confirmation Date, the provisions of the Plan will bind any holder of a Claim against, or Interest in, the Debtor, the Estate and their respective successors or assigns, whether or not the Claim or

Interest of such holders is impaired under the Plan and whether or not such holder has accepted the Plan. The rights, benefits and obligations of any entity named or referred to in the Plan, whose actions may be required to effectuate the terms of the Plan, shall be binding on and shall inure to the benefit of any heir, executor, administrator, successor or assign of such entity (including, without limitation, any trustee appointed for the Debtor under Chapters 7 or 11 of the Bankruptcy Code).

4. Tax Exemption

Pursuant to Bankruptcy Code § 1146(c), the issuance, transfer, or exchange of a security, or the making or delivery of an instrument of transfer under the Plan may not be taxed under any law imposing a stamp tax or similar tax. The taxes from which such transfers are exempt include stamp taxes, recording taxes, sales and use taxes, transfer taxes, and other similar taxes.

5. Compromises of Controversies

From and after the Effective Date, the Reorganized Debtor shall be entitled to compromise any objections to Disputed Claims, or any controversies related to Post-Confirmation Estate Claims or Avoidance Actions with any need for notice to Creditors or approval from the Bankruptcy Court.

6. Bankruptcy Court Approval of Post-Confirmation Matters

Nothing contained in the Plan shall be deemed to impair in any manner the right of any party in interest to seek at any time after the Effective Date orders of the Bankruptcy Court approving actions to be taken in a manner consistent with the Plan as may be necessary or desirable to effectuate the provisions of the Plan.

7. Retention of Jurisdiction

The Bankruptcy Court shall retain and have jurisdiction over the Reorganization Case for all purposes provided by the Bankruptcy Code, including, without limitation, for the following purposes:

(a) To determine any and all objections to the allowance of Claims and to allow, disallow, estimate, liquidate or determine any Claim;

(b) To grant full and complete relief upon the request of the Reorganized Debtor;

(c) To determine any and all motions for compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code or the Plan which accrued on or prior to the Confirmation Date;

(d) To determine any and all applications, adversary proceedings and contested or litigated matters that may be pending on the Effective Date, except as provided in the Confirmation Order, or which shall be commenced on or after the Effective Date and be properly before the Bankruptcy Court;

(e) To consider any modifications of the Plan, any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order, to the extent authorized by the Bankruptcy Code; and

(f) To implement the provisions of the Plan and to issue orders in aid of execution of the Plan to the extent authorized by Bankruptcy Code § 1142.

8. Amendments and Modifications to Plan

To the fullest extent permitted under section 1127 of the Bankruptcy Code, the Plan may be altered, amended or modified at any time prior to the Effective Date by the Debtor. At any time after the Effective Date, the Debtor may amend or modify the terms of the Plan if such amendment or modification is approved by the Bankruptcy Court.

9. Post-Confirmation Notice

Except for the Administrative Claims Bar Date Notice, notice of matters that arise after the Confirmation Date, including without limitation fee applications, shall be given only to (a) the Reorganized Debtor; (b) the Reorganized Debtor's counsel, (c) the Office of the United States Trustee, and (d) persons who request notice of such matters through a writing served on the Debtor not earlier than the Confirmation Date.

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IX. ANALYSIS OF THE PLAN

In order to confirm a plan, the Bankruptcy Code requires the Bankruptcy Court to find that confirmation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtor. This is the "Feasibility Test". Thus, for a plan to meet the Feasibility Test, the Bankruptcy Court must find that there is a reasonable likelihood that the Reorganized Debtor will possess the working capital and other resources necessary to operate profitably and will be able to meet its obligations under the Plan. The Plan proposes a form of liquidation and no further reorganization of the Debtor will be possible since the Debtor will only exist Post-Confirmation to disburse the Cash Proceeds and wind down the Estate's affairs. Accordingly, Debtor believes that the Plan meets the feasibility requirement.

X. LIQUIDATION ANALYSIS AND ALTERNATIVES

The Debtor does not believe that there is a viable and preferable alternative to the Plan. A liquidation analysis attempts to compare the Plan to the most common alternative: the results of a liquidation under Chapter 7 of the Bankruptcy Code.

It is theoretically possible to affect a sale or refinance of the Real Property. The Debtor believes this is only a theoretical possibility, since the credit markets are currently very tight and the Debtor has been unsuccessful to date to secure a lender who would extend a new loan against the Real Property in excess of the secured debts. Likewise, the Debtor believes that it is unlikely that a buyer could be found who would be able and willing to put together a package of Cash and debt sufficient to purchase the Real Property. As a result, the Debtor believes there is no realistic prospect of a sale or refinance and that the realistic alternatives are either a reorganization consistent with the proposed Plan or a foreclosure.

XI. TAX CONSEQUENCES

The following discusses certain U.S. federal income tax considerations in connection with the implementation of the Plan relating to the Debtor and to holders of Allowed Claims.

The following is based on the Internal Revenue Code of 1986, as amended (the "Tax

Code"), existing and proposed Treasury regulations promulgated thereunder (the "Treasury Regulations"), judicial decisions, and published administrative rules and pronouncements of the Internal Revenue Service (the "IRS"), all as in effect on the date hereof. These rules are subject to change, possibly on a retroactive basis, and any such change could significantly affect the federal income tax considerations described below.

The federal income tax considerations in connection with the Plan are complex and are subject to significant uncertainties, as a result of both the uncertainty of the law in certain contexts and the uncertainty regarding the precise manner in which the Plan will be implemented. The Debtor has not requested, nor does the Debtor expect to request, a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the Plan. Thus, no assurance can be given as to the interpretation that the IRS will adopt. In addition, this description addresses neither state, local, or foreign income or other tax considerations relating to the Plan, nor the federal income tax considerations relating to the Plan particular to special classes of taxpayers (such as foreign taxpayers, broker-dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, tax-exempt organizations, persons holding an Allowed Claims as part of a hedging, integrated constructive sale or straddle, and investors in pass-through entities).

Accordingly, the following summary of certain material U.S. federal income tax considerations is for informational purposes only and is not a substitute for careful tax planning and advice based upon the particular circumstances pertaining to a holder of a Claim. Each holder of a Claim is urged to consult its own tax advisors for the federal, state, local and foreign income and other tax consequences applicable under the Plan.

A. Consequences to the Debtor

The Debtor is presently classified for Federal Income Tax purposes as a limited liability company, and, as such, there are no federal or state consequences for the Debtor under the Plan. The Debtor's Plan does not intend to alter that status. To the best of its knowledge, the Debtor has not incurred any taxes owed to any federal, state, or local taxing authorities within the United States, other than property tax, and will not incur any such tax in connection with the transactions contemplated by the Plan.

B. Consequences to Holders of Allowed Claims

1. Gain or Loss

In general, each holder of an Allowed Claim will recognize gain or loss in an amount equal to the difference between (i) the "amount realized" by such holder in satisfaction of its Claim (other than any Claim representing accrued but unpaid interest) and (ii) such holder's adjusted tax basis in such Claim (other than any Claim representing accrued but unpaid interest). The "amount realized" by a holder of a Claim will equal the sum of the cash and the aggregate fair market value of the property treated as received by such holder with respect to its Claim, excluding any portion required to be treated as imputed interest, as discussed below.

2. Information Reporting and Withholding

All distributions to holders of Allowed Claims under the Plan are subject to any applicable withholding (including employment tax withholding). Under federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable rate. Backup withholding generally applies if the holder (i) fails to furnish its social security number or other taxpayer identification number ("TIN"), (ii) furnishes an incorrect TIN, (iii) fails properly to report interest or dividends, or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is a United States person that is not subject to backup withholding. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax and the appropriate information is supplied to the IRS.

Treasury Regulations generally require disclosure by a taxpayer on its federal income tax return of certain types of transactions in which the taxpayer participated after January 1, 2003, including, among other types of transactions, the following: (1) certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds; and (2) certain transactions in which the taxpayer's book-tax differences exceed a specified threshold in any tax year. These categories are very broad; however, there are numerous exceptions. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the holders' tax returns.

XII. CONCLUSION

The Debtor believes that the Plan is substantially in the best interests of creditors and the estate, and urges creditors to vote to accept the Plan.

Dated: January 21, 2011

Respectfully submitted,

PEACOCK GAP PROPERTIES, LLC

By: */s/ Jack D. Rose*
Jack D. Rose
Responsible Individual